

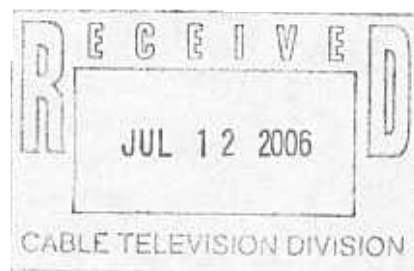
American Homeowners
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Defending the Interests of 75 Million U.S. Homeowners

July 11, 2006

Alicia Matthews
Director, Cable Division
Department of Telecommunications and Energy
One South Station
Boston, MA 02110



Dear Director Matthews:

We are a nonprofit consumer advocacy organization that supports local, state and federal policies benefiting the nation's 75 million homeowners and encourage home ownership. I'm writing on behalf of our members in Massachusetts to urge you to approve proposals that improve the way Massachusetts consumers receive their paid-for television service and, more specifically, changes in the way competitors enter the cable television market.

For many years, most Massachusetts towns have been served by a single local cable TV provider. This lack of competition has led to regular and large increases in cable subscription rates. According to the Federal Communications Commission, monopoly control of local video markets has allowed cable companies to raise their rates nationally by three times the rate of inflation - 86 percent - over the past 10 years. At the same time cable rates have been climbing, rates for other forms of communications and information services - like telephone and Internet -- have been falling because of intense competition.

The biggest barrier to TV services competition has been "local franchising." This is the rule that requires every potential new video provider to get approval, one at a time, from each and every town in states where it wants to compete. That requirement may have made sense when cable companies were seeking rights of way to create their infrastructure. It makes little sense now. Telephone, electricity and Internet service providers aren't subject to such regulation. Why, then, are video competitors?

Streamlining the video franchise process has been a boon for consumers. An independent study of four markets where new competitors were allowed to compete against the incumbent cable TV monopoly earlier this year determined that the average monthly subscription fees dropped by 33% - from an average of \$60 a month to \$40 a month - when competition was unleashed. That is \$240 annual savings - a very substantial amount for any consumer. They also got an additional set of programming options.

Local governments should and will continue to receive franchise fee revenues under the pending proposals. They will also continue to receive public access grants for local channels and hook-ups for schools, libraries and other public buildings in the community.

Cable TV regulatory relief can't come soon enough for Massachusetts's homeowners. The savings will help offset the substantial increases in energy prices over the last year, which are driving up the cost of heating and cooling homes in Massachusetts. You can, by the single step of supporting more competition in TV services, offset much of the energy cost increases facing Massachusetts homeowners and other consumers in the coming years.

Sincerely

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